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PET 14 LIBYA
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ACTION AF-13

INFO OCT-01 EUR-20 NEA-09 AID-20 CIAE-00 COM-08 E-11
FRB-02 INR-06 NSAE-00 RSC-01 TRSE-00 XMB-06 OPIC 2
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R 121030Z APR 72
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 8719
INFO AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY LONDON
AMEMBASSY MOSCOW

C O N F I D E N T I A L TRIPOLI 694

SUBJ: LAR MINISTRY OF PETROLEUM STATEMENT TO TASS

1. TRIPOLI PRESS APRIL 10 RAN "EXCLUSIVE STATEMENT" TO SOVIET NEWS AGENCY TASS BY LAR MINISTER OF PETROLEUM MABRUK REGARDING CURRENT PARITY NEGOTIATIONS, PARTICIPATION, AND LIBYAN ASPIRATIONS FOR THE FUTURE OF ITS OIL INDUSTRY.

2. REGARDING PARITY NEGOTIATIONS, MABRUK VOICED HOPE THAT THE IMMEDIATE FUTURE WOULD SEE POSITIVE RESULTS EMERGING FROM CURRENT TALKS BETWEEN LAR AND OIL COMPANIES "REGARDING ADDITIONAL MONEY TO BE PAID BY THE COMPANIES DUE TO THE DEVALUATION OF THE DOLLAR." MABRUK NOTED LAR FEELS IT HAS A RIGHT IN THIS CASE AND WILL NOT HESITATE TO STOP OIL PRODUCTION IF NECESSARY TO GAIN THIS RIGHT.

3. ON PARTICIPATION, MABRUK SAID LAR IS NOT PRESSING FOR THE PRINCIPLE MERELY FOR FINANCIAL GAIN AND WILL NOT BE SATISFIED WITH INITIAL 20 PERCENT FORMULA: THE CONDITIONS OF PARTICIPATION CONSTITUTE THE REAL PROBLEM.

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4. MABRUK NEXT REMINDED WESTERN COMP NIES OPERATING HERE THEY WOULD "LOSE THEIR INTERESTS" IF THEY SHOULD TAKE "HOSTILE ACTION" IN SOLIDARITY WITH BP WHICH, IN WAKE OF NATIONALIZATION OF ITS INTERESTS, HAS BEEN BLOCKING SALES OF CRUDE EXTRACTED FROM ITS FORMER CONCESSION.

5. IN A GENERAL STATEMENT OF LIBYA'S OIL POLICY, MABRUK SAID LARG'S OBJECTIVE IS TO CONTROL ITS PETROLEUM RESOURCES AND IT "WILL NEVER HESITATE TO ENACT LAWS TO DEFEND PEOPLE'S INTERESTS."

6. COMMENT: MABRUK PLAYED IN FAMILIAR FASHION ON THE THREE MAIN THEMES OF THE LARG'S CURRENT PETROLEUM POLICY: (A) A TOUGH STAND REGARDING THE PROLONGED PARITY NEGOTIATIONS; B) A REJECTION OF THE 20 PERCENT OPEC PARTICIPATION FORMULA, COUPLED WITH EMPHASIS ON THE TERMS OF PARTICIPATION; AND C) EXPRESSION OF BITTERNESS OVER LARG INABILITY TO MARKET CRUDE FROM NATIONALIZED BP CONCESSION. TIMING OF MABRUK'S STATEMENT, WE THINK, WAS PARTICULARLY APT FROM LIBYANS' STANDPOINT, COMING AT CONCLUSION OF ASU CONFERENCE AND AT A TIME WHEN NETTLESOME PARITY ISSUE STILL UNRESOLVED. STATEMENT IS REMINDER TO FOREIGNERS OF MAIN LINES OF LAR'S PETROLEUM POLICY AND FOR INTERNAL CONSUMPTION PROOF PETROLEUM MINISTRY IS IN TUNE WITH ASU MILITANTS. CHOICE OF TASS AS VEHICLE FOR STATEMENT STEMS, IN OUR VIEW, FROM LARG DESIRE INTIMIDATE WESTERN OIL COMPANIES HERE, PARTICULARLY WITH JALLUD'S MOSCOW VISIT SUCH A RECENT MEMORY. BRITISH EMBASSY ASSESSMENT JIBES WITH OURS. GP-4.
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